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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

** ALL PAPERS SHALL BE FILED IN THE
LEAD CASE, NO. 19-30088 (DM).*

Case Nos. 19-30088 (DM) (Lead Case)
(Jointly Administered)

**STATUS REPORT REGARDING
SECURITIES CLAIMS
RECONCILIATION AND RESOLUTION
PROCESS**

[No hearing required]

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”),
2 as debtors and reorganized debtors (collectively, the “**Debtors**” or the “**Reorganized Debtors**”) in
3 the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this *Status Report*
4 *Regarding Securities Claims Reconciliation and Resolution Process* to provide the Court an update
5 on the significant progress of the Reorganized Debtors in addressing rescission or damage claims
6 filed in the Chapter 11 Cases by claimants who have asserted that they purchased or acquired certain
7 of the Debtors’ publicly held debt and equity securities during the period from April 29, 2015 through
8 November 15, 2018, inclusive (the “**Securities Claims**”).¹

9 **I. Background on the Securities Claims**

10 On January 25, 2021, the Court entered the Securities Procedures Order and approved the
11 Securities Claims Procedures as the means for resolution of the Securities Claims. The Securities
12 Claims Procedures authorized the Reorganized Debtors to, among other things, request the trading
13 information necessary to assess the viability and calculate the potential amount of allowed claims
14 under the federal securities laws for each Securities Claim. Obtaining complete trading information
15 from all holders of Securities Claims (the “**Securities Claimants**”) remains a critical first step in
16 assessing the total amount of potential damages in order to, among other things, determine any
17 appropriate settlement offer amounts for individual claims and otherwise address the Securities
18 Claims. The Securities Claims Procedures authorize the Reorganized Debtors to exchange
19 settlement offers and counteroffers with Securities Claimants and their representatives, submit
20 Securities Claims to mandatory, non-binding mediation, and/or object to certain groups of Securities
21 Claims on an omnibus basis.

22 At the time the Court entered the Securities Procedures Order, 7,562 Securities Claims had
23 been filed against the Debtors. Since then, 809 additional Securities Claims have been filed against
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27 ¹ Capitalized terms used but not herein defined have the meanings ascribed to such terms in the *Order*
28 *Approving Securities ADR and Related Procedures for Resolving Subordinated Securities Claims*,
dated January 25, 2021 [Docket No. 10015] (the “**Securities Procedures Order**”).

the Reorganized Debtors as of August 31, 2021, increasing the total number of filed Securities Claims to approximately 8,371.²

II. The Trading Information Collection Process

As stated, the first, necessary step toward addressing Securities Claims on an individual basis is the receipt of complete, transaction-level data from each Securities Claimant, as a significant majority of Securities Claimants did not provide complete transaction data with their proof of claim.

For the more than 7,500 Securities Claims that had been filed as of January 25, 2021, the Reorganized Debtors, through their claims servicing agent, Kroll Settlement Administration (“**Kroll**”), created a database of claimants and transactions, which required Kroll to review and manually transcribe each transaction that had been submitted on a claim-by-claim basis. This information then was analyzed to determine what, if any, trading data had not yet been provided. At the same time, Kroll created an online portal where Securities Claimants could update their trading data at no cost to the claimants (the “**Portal**”). A significant amount of coding was required to create the functionality necessary to allow Securities Claimants to easily submit the required missing information.

Notwithstanding the significant amount of work required to create the Portal and transcribe each transaction included on the more than 7,500 claims into the Portal, on February 26, 2021, just over one month after the Court entered the Securities Procedures Order, the Reorganized Debtors were able to begin mailing on a rolling basis personalized letters tailored to each Securities Claimant informing them of the Court’s requirement under the Securities Procedures Order to provide required trading information that had not been included in their specific proof of claim (the “**Information Requests**”). By March 12, 2021, the Reorganized Debtors had finished mailing Information Requests for the more than 5,300 Securities Claims which lacked the complete trading data necessary

² This 809 claim increase is largely due to one “bulk filer” who, after filing claims on behalf of numerous individual securities holders, sent letters to those holders stating that it would discontinue assisting with this matter. As of August 31, 2021, those individual securities holders had filed 795 “new” claims, which had previously been part of the filing by this one bulk filer. The Reorganized Debtors reserve all of their rights to object to these newly filed Securities Claims, including on the basis that they are untimely.

1 to allow the Reorganized Debtors to assess the proofs of claim and calculate potential damages
2 amounts. Thus, within just over six weeks of the approval of the Securities Claims Procedures by
3 the Court, the Reorganized Debtors had mobilized a team of programmers and coders to create a new
4 user-friendly web portal, review and input trade data from over 7,500 proofs of claims (including
5 certain claims with thousands of trades), and analyze that data to determine specific information
6 deficiencies, and had sent out more than 5,300 individualized, claim specific letters to Securities
7 Claimants requesting the specific information required to address their proofs of claim.

8 Consistent with the Securities Claims Procedures, each Securities Claimant had forty-five
9 (45) days from the mailing of the Information Request to provide the required trading information.
10 Securities Claimants were given the option to submit their trading information either by mail or
11 through the Portal, which they could easily access. For each Securities Claim, both the Information
12 Request and the Portal explained the specific information that each Securities Claimant needed to
13 provide, and set forth detailed instructions regarding how to provide it. The Reorganized Debtors
14 also offered Securities Claimants the option to submit trading information in Excel form, which has
15 proven particularly helpful in allowing claimants whose claims are based on large numbers of
16 transactions to avoid inputting each transaction separately into the Portal. Finally, the Information
17 Requests provided Securities Claimants with an email address and hotline number where they could
18 contact Kroll representatives with any questions.

19 While substantial progress has been made with respect to the collection of trading
20 information, there remain a number of Securities Claimants who, despite repeated notices, requests
21 and communications, have not provided the trading data required by the Securities Claims
22 Procedures. The Reorganized Debtors received timely responses from approximately 3,800 of the
23 over 5,300 Securities Claimants who were sent an Information Request by March 12, 2021. For the
24 nearly 1,500 Securities Claimants who did not respond within the 45-day deadline, the Reorganized
25 Debtors again contacted those Securities Claimants (at every mailing and email address listed on the
26 proof of claim) to remind them to provide the requested information (the “**Reminder Notices**”).
27 Consistent with the Securities Claims Procedures, the Reminder Notices provided an additional
28 fourteen (14) days for those claimants to submit the requested trading data. The Reminder Notices

1 have prompted responses from an additional approximately 700 Securities Claimants. The
2 Reorganized Debtors still have not received any supplemental trading information from
3 approximately 800 Securities Claimants.

4 Additionally, many of the Securities Claimants who have responded have not provided
5 complete data. The Reorganized Debtors and Kroll are working with each of these claimants to
6 resolve any outstanding issues. This outreach includes granting requests for extensions to allow
7 these Securities Claimants more time to submit the missing trading information, sending follow-up
8 emails detailing any outstanding requests or deficiencies in the data, and otherwise engaging in an
9 ongoing dialogue to address any issues that arise.

10 Since the entry of the Securities Procedures Order, the Reorganized Debtors have made
11 substantial progress in obtaining the basic trading information from the significant majority of
12 Securities Claimants and in ensuring that all Securities Claimants are given every opportunity to
13 provide the information that is critical to and, indeed, a prerequisite of, implementation of the
14 settlement offer and counteroffer stage of the Securities Claims Procedures.

15 Separately, as the Court is aware, a number of “bulk filers”—principally nominees, i.e., banks
16 and financial institutions that manage money for others—filed proofs of claims on behalf of securities
17 holders without any indication that they had obtained the required contemporaneous authorization to
18 file those proofs of claim (or that the underlying securities holders even knew the proof of claim was
19 being filed). Notably, none of the approximately fifty purported agents who filed on behalf of
20 multiple securities holders has filed the verified statement required by Rule 2019 of the Federal Rules
21 of Bankruptcy Procedure. Consistent with the Securities Claims Procedures, the Reorganized
22 Debtors mailed letters, to which bulk filers had forty-five (45) days to respond, seeking information
23 establishing that the bulk filers had obtained the requisite contemporaneous authorization from the
24 underlying Securities Claimants. The Reorganized Debtors filed an omnibus objection with respect
25 to the bulk filers who did not respond to those letters, providing each such filer a final opportunity
26 to provide the required information. The Reorganized Debtors are continuing to attempt to gather
27 the requisite authorizations from bulk filers who responded to the letters but did not provide
28 information sufficient to establish contemporaneous authorization. The Reorganized Debtors may

1 file additional “bulk filer” omnibus objections if their efforts to collect sufficient information from
2 those filers prove unsuccessful.

3 **III. The Omnibus Objections**

4 As the Court also is aware, in parallel with the information gathering process, the
5 Reorganized Debtors have filed fifteen omnibus objections to Securities Claims on various grounds
6 previously approved by the Court. *See* Securities Procedures Order ¶ 8. As of the date of this filing,
7 the Court has addressed thirteen of those omnibus objections, resulting in the disallowance and
8 expungement of 1692 Securities Claims, of which 784 had not asserted specific damage amounts on
9 the face of the proofs of claim, and 908 had asserted a total of \$1,052,302,760.44 in damages on the
10 face of the proofs of claim. The two omnibus objections not yet addressed by the Court relate to an
11 additional 68 Securities Claims.

12 **IV. Next Steps**

13 The Reorganized Debtors have made significant progress through diligent efforts to obtain
14 the trading information required to address the Securities Claims, despite the difficulties in obtaining
15 information or any response from many Securities Claimants (even after multiple reminders that the
16 information is required by the Bankruptcy Court). In the coming months, the Reorganized Debtors
17 intend to continue working diligently to collect the necessary trading information from these
18 claimants. The Reorganized Debtors also intend to continue to file additional omnibus objections to
19 invalid Securities Claims. These continued efforts will allow the Reorganized Debtors to manage
20 the claims registry and properly assess their potential liabilities with respect to the Securities Claims.

21 In sum, the Reorganized Debtors have made great progress towards resolving Securities
22 Claims asserted against the Debtors in these Chapter 11 Cases. Depending on the timing of obtaining
23 the outstanding trading information, the Reorganized Debtors currently expect to be in a position by
24 year end to begin making settlement offers to certain Securities Claimants, and thereafter, if
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1 necessary, instituting mediation procedures to resolve Securities Claims consistent with the
2 Securities Claims Procedures.³

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4 Dated: September 30, 2021

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6 By: /s/ Richard W. Slack
Richard W. Slack

7 *Attorneys for Debtors and Reorganized Debtors*
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27 ³ Consistent with this schedule, the Reorganized Debtors will be seeking to further extend the
28 December 23, 2021 claims objection deadline to ensure sufficient time to adequately address all
Securities Claims.